



REAL-TIME RATE PROCESS

DCMC

Overhead Center

Leverage Command Resources...Field Focus

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DCMC Overhead Center



REAL-TIME RATE PROCESS

- Earlier Issue Identification/Resolution
- Earlier Negotiations
- Earlier Contract Closeout

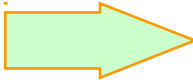


- ACO
- Auditor
- Contractor

- Reduced Overhead Costs
- Could release excess

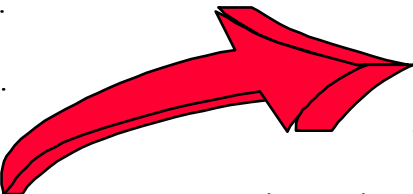
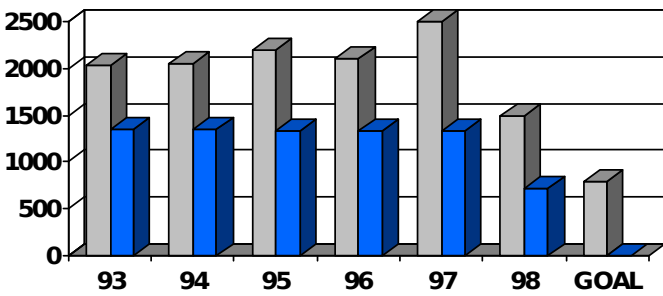


OVERHEAD BACKLOG



REAL TIME RATES

■ Workload ■ Backlog



Review of contractor incurred costs in *CURRENT* year



REAL-TIME RATE PROCESS

Insight vs.



ID and resolve controversial cost issues or internal control weaknesses before significant \$ are expended

Oversight

Risk Based



Real-Time information of cost system for adjusting FPRA/Billing rates or adjusting the scope/level of government monitoring/effort

Management

Reduce



Cycle Time

Negotiate final rates approx 6 months after end of contractor's fiscal year vs. 24/36 mos currently

Civil/Military



Integration

Issues are resolved real-time to keep focus on future modernization vs. defending "old" cost issues



REAL-TIME RATE PROCESS

ACO

Responsibilities:

- Implement administration processes, including Real-Time Rates
- Use technical advisors such as audit to assist in implementing the process timely
- Initiate a planning meeting with auditor and contractor to identify when a Real-Time Rate process can be efficiently started
- Initiate a request for a concurrent audit and for periodic status of the audit for real-time issue resolution

REAL-TIME RATE PROCESS

- ✓ Audit/issue resolution as costs are incurred
- ✓ Efficient cycle-time for final overhead rates
- ✓ Timely contract close-out
- ✓ Release excess funds
- ✓ Requires openness and teaming
- ✓ Win - Win - Win

Lessons Learned:

- Efficiencies identified
- Pilot site results
- Current experiences

Site Assistance:

- Real-Time Rate Process
- Improve internal controls
- Deal with open years

Workshops:

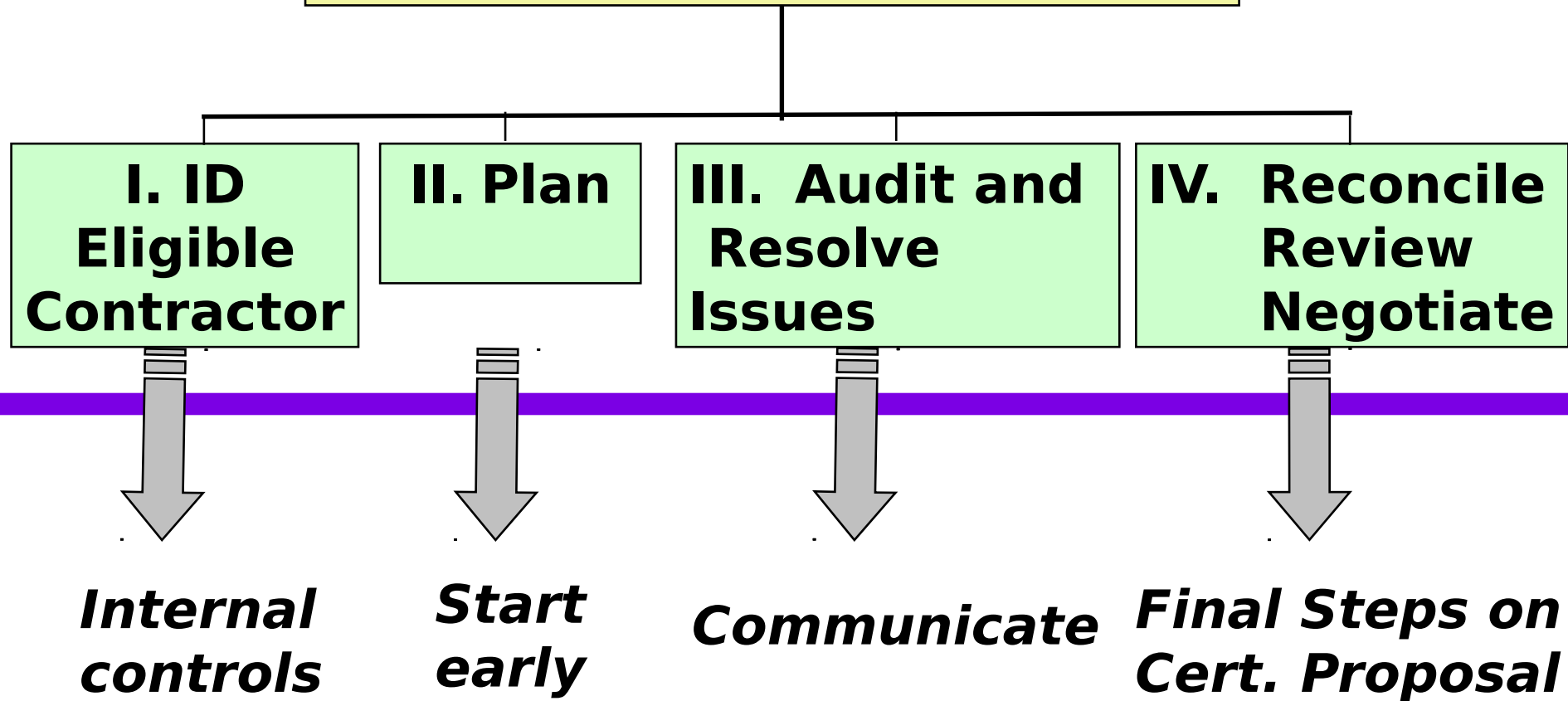
- Onsite location
- ACOs in geo area
- SFAs/CAO MGT

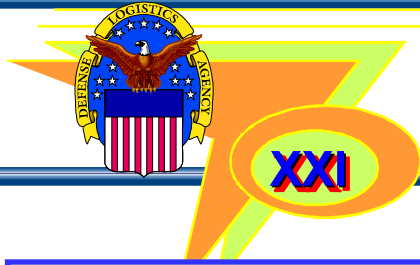
DCMC's 1102 Force Multiplier



REAL-TIME RATE PROCESS

HOW DOES IT WORK?





REAL-TIME RATE PROCESS

I. IDENTIFYING ELIGIBLE CONTRACTORS

- Adequate Internal Controls

✓ DCAA ICAPS/OTHER AUDIT

✓ IMPACT OF INADEQUACIES

✓ CONTRACTOR MUST SCREEN

- Adequate Screening

✓ POINT OF ENTRY BEST

✓ PERIODIC SCREENING O.K.

- Supporting the Process

✓ PLAN RESOURCE REQ'MENTS

✓ SET SPECIFIC MILESTONE

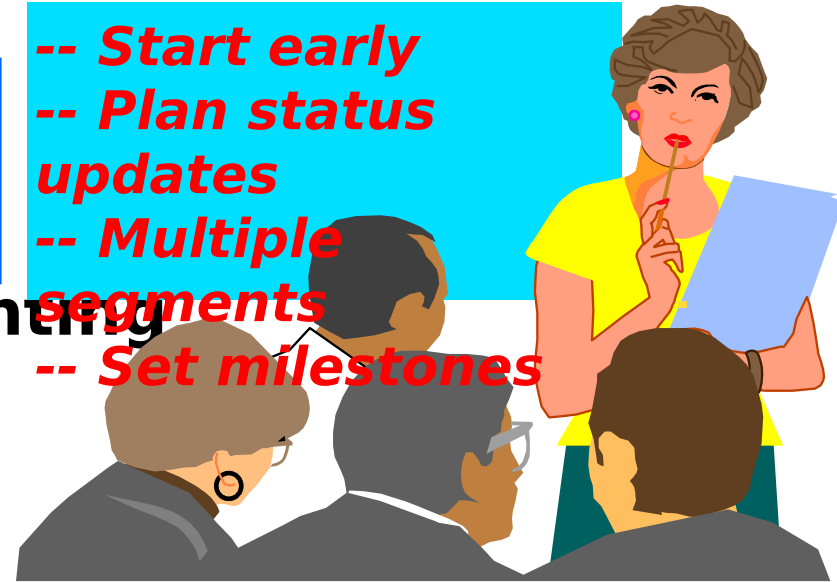


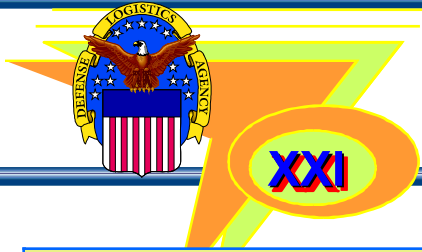
REAL-TIME RATE PROCESS

II. Planning For Success

1. Impact of potential accounting or organizational changes
2. Contractor support
3. How and when to deal with audit exceptions
4. How to deal with system deficiencies found during the audit
5. Assist audit requirements

- Start early
- Plan status updates
- Multiple segments
- Set milestones





REAL-TIME RATE PROCESS

III. AUDITING AND RESOLVING ISSUES

- **DCAA Audit of Accounts** *Year costs are incurred*

Communication

- **Issue Identification
and
Resolution**

*Attend entrance
conference*

Timing is the difference

*End of year may be
**Auditor shares
exceptions***

***Begin resolution
process***

*-- **ACO Decision***

*-- **Contractor fix***



REAL-TIME RATE PROCESS

IV. REVIEW ^{and} NEGOTIATE FINAL ISSUES

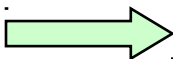
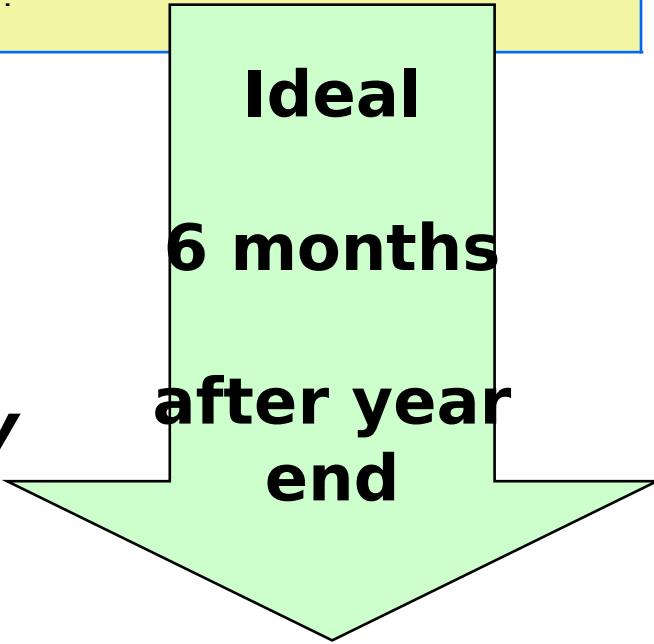
Verify adjusting entries

Reconcile "certified" proposal

Verify proposal math accuracy

Audit accounts with bad controls

Negotiate remaining Issues



Final Rates!

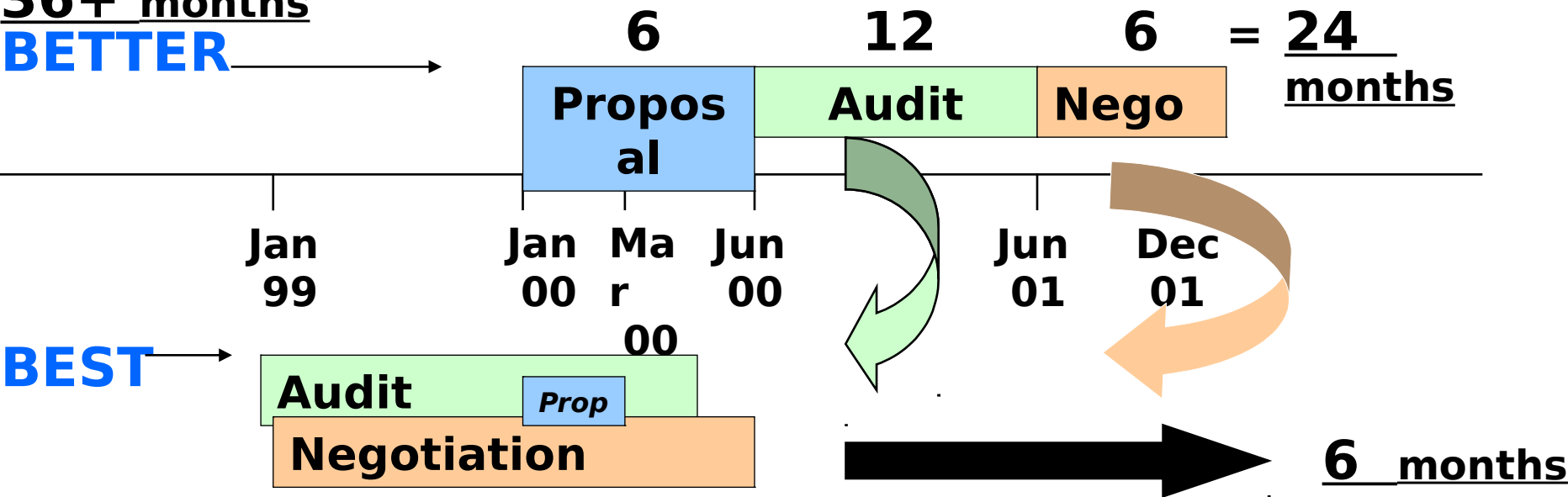


REAL-TIME RATE PROCESS

BAD → Prior to Acquisition Reform →

36+ months

BETTER →



Think Process Improvement!!!!!!

Team with DCAA and Contractor



REAL-TIME RATE PROCESS

